



**CONSENT CALENDAR**

**Agenda Item # X**

**AGENDA REPORT SUMMARY**

**Meeting Date:** October 13, 2020

**Subject:** Quarterly Investment Portfolio Report – Quarter Ended March 31, 2020

**Prepared by:** Thuyet Dang, Financial Services Manager

**Reviewed by:** Sharif Etman, Administrative Services Director

**Approved by:** Chris Jordan, City Manager

**Attachment(s):**

1. Portfolio Mix Charts
2. Investment Policy Compliance Chart
3. Investment Performance Review Quarter Ended March 31, 2020

**Initiated by:**

Staff

**Fiscal Impact:**

None

**Environmental Review:**

Not applicable

**Policy Question(s) for Council Consideration:**

- None

**Summary:**

- This report presents the status of the City's investment portfolio through March 31, 2020. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City's investment portfolio managers.

**Staff Recommendation:**

Receive the Investment Portfolio Report through March 31, 2020.

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**Reviewed By:**

City Manager

CJ

City Attorney

JH

Finance Director

SE

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### **Purpose**

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City's investment holding and demonstrate compliance with the City's Investment Policy.

### **Background**

A review of the Investment Portfolio Report Quarter Ended March 31, 2020 was presented and discussed by the Financial Commission on September 21, 2020. The Financial Commission reviewed the Quarterly Investment Portfolio Report ending March 31, 2020 and had a brief discussion on the LAIF yield, which is currently at .78% (for the month of August 2020).

### **Discussion/Analysis**

The summary provided below presents the sum of all City investment holdings. The City's portfolio book value, excluding operating cash, as of March 31, 2020, was \$70,797,598.

As of March 31, 2020, 5.6% of the City's portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage and Federal Farm Credit), 10.9% in Asset-Backed Securities, 1.1% in Supra-National Agency Bond, 38.8% in US Treasuries, and 17.1% in medium-term Corporate Notes and Commercial Paper, 7.5% in Certificate of Deposits, 0.2% in Money Markets, with the balance of 18.7% in LAIF. This portfolio mix is illustrated as part of Attachment 1.

Full compliance with the City's Investment Policy is monitored closely and on a per trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 3: Investment Performance Review for the Quarter Ended March 31, 2020. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City's independently managed investments. The total return of the portfolio since inception is 1.33%, which is highlighted on page 18 of the PFM Investment Performance Review Report (Attachment 3).



**Subject:** Quarterly Investment Portfolio Report – Quarter Ended March 31, 2020

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**Options**

1. Receive the Investment Portfolio Report Quarter Ended March 31, 2020

**Advantages:** None

**Disadvantages:** None

2. Do not receive the Investment Portfolio Report Quarter Ended March 31, 2020

**Advantages:** None

**Disadvantages:** None

**Recommendation**

The staff recommends Option 1.